

AO 90-002



**NORTH CAROLINA BOARD OF ETHICS
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**K. Q. KENNEDY, JR.
CHAIRMAN**

June 25, 1990

The Honorable William T. Graham
Commissioner of Banks
430 North Salisbury Street
Raleigh, North Carolina 27626-0512

Regarding: Your letter of May 30, 1990 re DCA Travel, Inc.

Dear Commissioner Graham:

We have reviewed the facts as set forth in your letter dated May 30, 1990, along with the specific prohibition set forth in Section 5(c) of Governor Martin's Executive Order Number One.

In our opinion, employees would not have a problem so long as they are using DCA Travel, Inc. **pursuant to Banking Commission policy** that they use a certain designated agency because that is where they get the cheapest fares.

Thank you for the opportunity to consider this matter.

Sincerely,
K. D. Kennedy, Jr.
Chairman

State of North Carolina

BANKING COMMISSION

JAMES G. MARTIN
GOVERNOR

WILLIAM T. GRAHAM
COMMISSIONER OF BANKS

May 30, 1990

The Honorable Edward Renfrow
State Auditor
Legislative Office Building
300 North Salisbury Street
Raleigh, North Carolina 27603-5903

Ms. Millie Donavant
Assistant to the Chairman
North Carolina Board of Ethics
Administration Building
116 West Jones Street
Raleigh, North Carolina 27603-8003

Dear Mr. Renfrow and Ms. Donavant:

This letter is addressed to both of you because I am not sure which agency is proper.

We wish to encourage all of our employees to utilize the lowest possible air fare. Because of the nature of this special fund agency a considerable amount of air travel is involved.

We have learned from the experience of fare comparisons that the lowest possible air fares are obtained through DCA Travel, Inc. (sometimes called Diversified Air) in Houston, Texas. Over the past five years savings of as much as 40% per fare over local or hometown travel agencies or the airline itself have routinely been obtained. We have no explanation for this except that it is almost solely a discount air fare expert and their personnel are trained to go directly to price quote.

The Houston number is toll free and the tickets are delivered directly to our office by Federal Express (at DCA's cost). Seating preferences and billing instructions are kept in DCA's computer and therefore less time is expended when making travel arrangements. The service is actually better than when using other agencies or, the airline directly and also the get the lowest possible fare.

The Honorable Edward Renfrow
Ms. Millie Donavant

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May 30, 1990

In addition to the lowest fare and better service DCA, when it remembers to, will sporadically send a traveller a certificate approximating one percent of the fare, called booker bonus books, which can be applied to subsequent non-credit card flights. No matter what we do invariably these bonus books will sometimes be sent because DCA is an automatic discount agency; it is not going to stop this because a person is a state employee or rather the State of North Carolina is paying for the flight (most employees when they realize how much cheaper DCA is start using them for their own personal travel also).

Finally, every now and then, the ticket will come with free airline drink coupons.

We want the lowest possible air fare and the good service. DCA is not going to change its way of doing business for us and should not be expected to. We do not want any employee to get in trouble simply because of the one percent bonus which the employee, if it is used at all, uses against his own air fare as this cannot be applied against a credit card fare and all of our state travel is done on the credit card, or receives drink coupons. It is our personal opinion that so long as we are getting the lowest possible fare the other is immaterial. However, we are reluctant to encourage further use of these low fares unless we are clear that this will not result in some problem of gratuities for using a particular travel agency.

If you need any further details on this please do not hesitate to let me know. I look forward to hearing from you.

ly,

William T. Graham
Commissioner of Banks